



FOR CLERK USE ONLY

City Council

Item No. 11

## CITY COUNCIL AGENDA FACT SHEET

Finance  
Department20-Apr-10  
Requested Date**1. Request:**

Council Approval

☒Information Only/  
Presentation☐

Other (specify)

☐

Hearing

☐**2. Requested Action:**

Authorize the Finance Director to provide discretionary approval of ambulance accounts presented by the Collection Bureau of America for third party settlements only.

**3. Fiscal Impact:**

Revenue:

Increase

☐

Source: \_\_\_\_\_

Decrease

☐

Amount: \_\_\_\_\_

Cost:

Increase

☐

Source: \_\_\_\_\_

Decrease

☐

Amount: \_\_\_\_\_

Does Not Apply ☒**4. Reviewed By:**Finance Dept. on 4/14/2010By: 

Comments: \_\_\_\_\_

City Attorney on \_\_\_\_\_

By: \_\_\_\_\_

Comments: \_\_\_\_\_

*Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.*

CLERK USE ONLY

CITY COUNCIL DATE:

April 20, 2010

Action

☐

Filing

☐

Consent

☒

Presentation

☐

Hearing

☐

Other(specify)

☐

Reviewed by: City Clerk \_\_\_\_\_

City Manager \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

# **CITY COUNCIL AGENDA REPORT**

SUBJECT: Discretionary Approval Resolution No. 10-\_\_\_\_\_

AGENDA DATE: April 20, 2010

PREPARED BY: Judith Hashem, Finance Director

APPROVED BY: Victor M. Carrillo, City Manager

## **RECOMMENDATION:**

The City Council is requested to take the following action:

Authorize the Finance Director to provide discretionary approval of ambulance accounts presented by the Collection Bureau of America for third party settlements only.

## **FISCAL IMPACT:**

The result of approval to settle an ambulance bill will result in a percentage less than the outstanding balance. The current requests are for a 40% reduction in the total amount due or approximately \$146 on a \$365 ambulance bill. The City does not receive the total amount on collection agency accounts.

## **BACKGROUND:**

The City received 2 letters from a law office representing clients in a case involving ambulance bills turned over to Collection Bureau of America by the City of Calexico. Collection Bureau of America has attempted to collect these patient bills, however, they have been asked to accept a 40% reduction in full and final satisfaction of the outstanding balance, due to financial hardship.

In order for the Collection Bureau of America to settle for less than the total amount owed, we are asked to acknowledge and agree to the terms offered by the attorney for these individuals. In this case we are advised that the responsible party has limited settlement monies and as a result, are asking for reductions from all providers in the case. Under the circumstances, should the City not agree to the reduction in fees, the total amount may be in jeopardy.

The City Council recently passed a resolution that does not allow the Finance Director to make a discretionary decision in a case such as this. If it is the Council's wish to bring each of these cases to the Council, rather than to provide discretionary approval at the Finance Director's level, then we can proceed as directed.

The current agreement with the Collection Bureau of America does not address this type of legal request for settlement; therefore, they are requesting approval on an individual basis. The discretionary approval would apply only in a settlement case, where there is potential that the City may receive no payment, should we not agree to settle.

**RESOLUTION NO. 10-\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO  
AUTHORIZING FINANCE DIRECTOR DISCRETIONARY APPROVAL OF AMBULANCE  
ACCOUNTS PRESENTED BY THE COLLECTION BUREAU OF AMERICA FOR THIRD  
PARTY SETTLEMENTS.**

**WHEREAS,** the City Council passed Resolution No. 10-18 directing all fee waivers be presented to the City Council for approval; and

**WHEREAS,** the City of Calexico has a contractual agreement with the Collection Bureau of America for ambulance bill collection services; and

**WHEREAS,** the Finance Director has received written 3<sup>rd</sup> party requests to acknowledge and agree to a reduction of the outstanding balances as full and final satisfaction of ambulance bills;

**WHEREAS,** it is prudent to expedite these requests in order to receive payment, that the City may not receive otherwise, due to the limited settlement monies of certain clients.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA, DOES RESOLVE AS FOLLOWS:**

The Finance Director is hereby authorized discretionary approval over ambulance accounts presented to the Collection Bureau of America for legal settlement of accounts.

**PASSED, APPROVED AND ADOPTED THIS 20<sup>TH</sup> DAY OF APRIL, 2010.**

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DAVID OUZAN, MAYOR

ATTEST:

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LOURDES CORDOVA, CITY CLERK

APPROVED AS TO FORM:

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JENNIFER LYON, CITY ATTORNEY

STATE OF CALIFORNIA )  
COUNTY OF IMPERIAL ) SS.  
CITY OF CALEXICO )

I, LOURDES CORDOVA, CITY CLERK OF THE CITY OF CALEXICO, DO HEREBY CERTIFY THAT THE ABOVE AND FOREGOING RESOLUTION NO.09-\_\_\_ WAS DULY PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CALEXICO ON THIS 20TH DAY OF APRIL, 2010 BY THE FOLLOWING VOTE, TO-WIT:

AYES:  
NOES:  
ABSENT:

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LOURDES CORDOVA, CITY CLERK

S E A L

## COLLECTION AGREEMENT

This agreement made and executed on this 27th day in the month of February 2004 by and between the undersigned, hereinafter referred to as Client, and COLLECTION BUREAU OF AMERICA hereinafter referred to as Collection Bureau.

WITNESSETH: For good and valuable consideration, the parties hereto agree as follows:

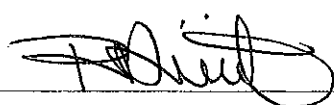
1. Client hereby appoints Collection Bureau as agent to collect accounts which are now in possession of Collection Bureau, or which may be referred for collection to Collection Bureau from this time forward.
2. Client hereby authorizes Collection Bureau to act in Client's name, and to perform any and all lawful acts within the provisions of the Federal Fair Debt Collection Practices Act and the California Robbins-Rosenthal Fair Debt Collection Practices Act, which in the judgment of Collection Bureau may be necessary for the collection of such accounts. To endorse the name of Client on such drafts, checks, money orders, and other payments, payable to Client, which may be received by Collection Bureau and deposited into their Customer Trust bank account, on such collection accounts, subject to the obligation of Collection Bureau, to pay over the balance of such collections to Client following the deduction of all amounts due Collection Bureau, as hereinafter provided.
2. Client hereby agrees that all accounts now in the office of, or which may be referred hereafter to Collection Bureau, shall be retained by Collection Bureau until canceled in writing by Collection Bureau and Collection Bureau agrees to cancel any claim within 30 days after written demand from Client, unless the claim is in the process of collection, or upon which legal action has been instituted.
4. Client shall have the right to accept payment in full on any collection account, except on an account where legal action has been filed. However, all arrangements for deferred or installment payments shall be made by Collection Bureau.
5. Legal action will not be undertaken on any account without written authorization from Client. All costs of collection and suit shall be paid by Collection Bureau. All amounts collected in addition to principal, including interest, court costs, and attorney fees, shall be retained by Collection Bureau to offset cost losses. But only to the extent such that interest, court costs and attorney's fees were incurred.
6. In consideration of acceptance of such accounts as mentioned above for collection, Client agrees to pay Collection Bureau a contingent commission of **23% for direct collection accounts**, and **33% if legal action is required**. "Legal Action" means if a complaint is filed in court.
7. Client shall defend, indemnify and hold Collection Bureau harmless from and against and shall pay any liabilities, losses, costs, damages, and expenses, including reasonable attorney's fees and out of pocket expenses arising out of any claim brought by any third party against Client and/or Collection Bureau for actual or alleged errors in the account information of that Third Party supplied to Collection Bureau by Client under this Contract. Collection Bureau shall defend, indemnify and hold Client harmless from and against and shall pay any liabilities, losses, costs, damages, and expenses, including reasonable attorney's fees and out of pocket expenses arising out of any claim brought by any third party against Client and/or Collection Bureau under the Federal Fair Debt Collection Practices Act and/or the California Robbins-Rosenthal Fair Debt Collection Practices Act or otherwise, unless the claim is based on actual or alleged errors in the account information supplied by Client to Collection Bureau.

### NO COLLECTION--NO FEE

IN WITNESS WHEREOF the parties have executed this agreement the date first above written.

By: 

CITY OF CALEXICO  
608 HEBER AVENUE  
CALEXICO, CA 92231

By: 

COLLECTION BUREAU OF AMERICA  
25954 EDEN LANDING ROAD  
HAYWARD, CA 94545-3816